

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7405

BILL NUMBER: HB 2045

DATE PREPARED: Jan 22, 1999

BILL AMENDED:

SUBJECT: Consumer grievance procedures.

FISCAL ANALYST: Ron Sobecki

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the State Department of Health (SDOH) to establish and maintain internal entity and external State Department grievance procedures for use by patients of entities licensed by the State Department of Health. The bill requires the Health Professions Bureau to establish and maintain internal practitioner and external bureau grievance procedures for use by patients of licensed health practitioners. It requires entities and practitioners to post, and provide with notices to patients, the grievance procedure applicable to the entity or practitioner.

This bill requires the Department of Insurance to establish and maintain internal insurer and external department grievance procedures for use by insureds of homeowner's, motor vehicle, life, and health insurers. The bill requires the Department of Insurance to establish and maintain an external grievance procedure providing for review of grievances appealed from a health maintenance organization with which the enrollee is not satisfied. It requires insurers and health maintenance organizations to provide the grievance procedure to insureds and enrollees.

This bill provides time lines for the resolution of grievances. The bill provides for issuance of an order based on the determination of the external departmental grievance panel. It requires entities, practitioners, insurers, and health maintenance organizations to comply with the order. It provides a penalty for noncompliance.

Effective Date: July 1, 1999.

Explanation of State Expenditures: It is estimated that the SDOH will need to hire an additional six employees to comply with the requirements of this bill. The cost of the salaries, fringe benefits, and indirect costs for these positions is estimated to be \$219,100 in FY 2000 and \$216,980 in FY 2001. It is estimated that the Department of Insurance will require an additional 6 employees, as well, at a cost of \$202,500 for FY2000 and \$199,000 for FY2001 (These estimates include anticipated costs for additional office space, in addition to salaries and fringes.).

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The December 31, 1998 manning table shows the State Department of Health with 99 vacancies. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

This fiscal note will be updated when information is received from the Health Professions Bureau.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Department of Health, Health Professions Bureau, Department of Insurance.

Local Agencies Affected:

Information Sources: Norma Selby, SDOH, 233-7673; Liz Carroll, Department of Insurance, 232-2406.